

Your Free CAMELOT  
Newsletter-Report No.12  
a sample extract from our E-Book  
"Genuine Wealth Creation"

An introduction to  
**Cash-Flow Projections**  
- what are they?  
- have you done one?

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**Cash-Flow Projections**  
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Welcome to the last of our current series of 12 Newsletters. Now the title and perhaps the contents of this particular Newsletter on "Cash-Flow" may not sound too exciting or as 'sexy' as Marketing and so on BUT you need to comprehend the following comment and take it seriously to heart;

"You can get everything else in your business running fantastically but if you do not keep your focus on & manage your Cash-Flow you can still fail!"

That is why we felt it vital that we give you an insight into what, for most entrepreneurial type people, is a boring subject. We have gone to a huge amount of effort and expense to bring this volume of quality knowledge to you through our Newsletters and our E-Book so we will state this simply - **we want YOU to succeed!**

We would love to hear from you once you have succeeded and if you feel that the sharing of our knowledge & experience with you has helped you. We would love to know that it has been worth all of the effort, time & money we have invested, indirectly, in your future. Will you do that for us? Thank you. So what is your first step?

We would recommend that you write, or print, the following onto a large piece of paper and tape it onto your bathroom mirror so that you see it every time you shave, or brush your teeth & so on. Please leave this 'reminder' there for as many months as it takes until your business has solid cash reserves and until this message is 'engraved' into your personality!



**"CASH IS KING"**  
**I must ensure that my business always  
has more than enough Cash!**

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Now not everyone is an Accountant or a great “number cruncher”. If you are then such skills will be a bonus to you in the management of this part of your business.

In any new, or existing, business there is one absolutely vital component, or rather a vital discipline, and that is “Cash-Flow Control & Management”.

In case you are unfamiliar with what all this means we will explain it as simply as possible.

Cash means actual ‘folding’ money that comes to you, into your bank account. It is not, in this arena, merely ‘Sales’ numbers that you have made. It is CASH, Green-backs, Pounds Sterling, Euros, etc sitting in your control in your bank account.

“Flow” – means moving “IN” or moving “OUT”.

A “Positive Cash-Flow” means Cash Money coming into you. (A “plus”)

A “Negative Cash-Flow” means Cash Money going away from you. (A “minus”)

Now in the business world in a normal ‘trading situation’ you might sell something on ‘credit’, say for payment in 30 days time - you deliver it and later you get paid for it. Therefore Sales + Time = Cash.

Unfortunately one does not always get paid ‘up-front’ when one sells goods especially if you are working as a volume Wholesaler selling to retail stores as they will normally pay you later on.

But during the time after you have sold the goods, before you get paid, that is, when you get your cash in, you will still have to pay wages/salaries, rent, electricity, and so on.

So what happens when you run out of cash (assuming you do not have, or cannot get, an overdraft, a finance facility, from your bank or an increased overdraft) before you get paid for the Sales that you have made? Simply you will not be able to pay your personnel etc. The result is not good! Such a result – running out of cash - can, in the extreme, cause the collapse of your business. You may have an absolutely brilliant business, good sales, great products or services, great marketing - but if you run out of cash and it cannot be remedied quickly your business is in real trouble. That is why good Cash-Flow Control & Management is vital!

So it is therefore VITAL that you ALWAYS have enough “cash” in the bank to be able to pay all of your bills, your accounts, your people etc on time – when they are due. It does not matter if you are running a small business or a large corporation – you must have money in the bank, or a finance facility that will cover the times when you do not have the cash – that is, up until the cash is there again.

A good, Positive Cash-Flow, is the result of making a “real” profit on the Sale of the goods or services you provide PLUS the timely collection of the Cash from those Sales. Having a “Positive Cash-Flow” means that you have more money coming into your business than you have going out. We will stress here that making a “real” profit on the Sales is vital to a healthy, Positive Cash-Flow. If there is no profit being made then all you will be doing is steering your business into future Cash-Flow problems!

A “Negative Cash-Flow” means that you have more money going OUT of your bank account than you have coming in. You may be making lots of Sales, at a profit, but it may be that you do not get paid for those Sales for some time. The result of such circumstances is still a Negative Cash-Flow situation. How long this will last for will determine how much damage it may do to your business.



A “Cash-Flow Projection” is, effectively, a “Forecast” of how the money will flow ‘inwards’ and ‘outwards’ from your bank account. In some countries it is called a “Cash-Flow Forecast”.

Ideally your Cash-Flow Projections should be tied into the other Financial Reporting that should be done by your Accountant, unless you already have the experience to do all of this yourself. Unless you really know what you are doing we would NOT recommend that you undertake these “forecasts” yourself as, if done incorrectly, or even worse not done at all, or not corrected & updated on a regular basis, it can lead to the demise of your business.

Do NOT do your Cash-Flow Projection Updates every 3 or 6 months. Depending on what your volume of Sales are and how much you already have in cash reserves, if you have any, you should be doing, or should have done for you, an **Update every week or month**. Do NOT just do them and not review and study them - these are important. They are, in all reality, your best view of the life-blood, the health, of your business. If your Cash-Flow has ‘no pulse’ it means your business is dying. Keep checking it!

If you run out of cash at the wrong time it can destroy your business and your dreams – so you **MUST NOT** allow this to happen.

This is why you must have good “Cash-Flow Control & Management” – it is **VITAL!**

As we have just mentioned your Cash-Flow Projections should be tied in with your other Financial Reporting information - such as your monthly Trading Accounts, Profit & Loss Accounts and so on. If you do not have an accounting background we would recommend that you do not undertake these functions yourself. There are plenty of great accounting software packages out there that you might use but we would always recommend that you pass this ‘job’ onto someone that knows what they are doing. Use those ‘numbers’ to learn where you should improve your business - reduce costs, increase sales, manage your Cash-Flow etc.

We cannot stress strongly enough how important it is that you have Profit & Loss Reports done each and every month. You would be shocked, as we have been on many occasions, at how many businesses do not know if they’ve made a profit until they get to the end of a 12 month period. The excuses of the owners are usually “no time”, “too costly to get the accountant in” and so on. Please do not fall into this trap. Find out each and every month (or weekly if you have a large Sales turnover) what your Profit & Loss situation is and try to get those reports done within a couple of weeks of the end of each month - not months after the event.

There is no sense in working hard for 6 or 12 months, thinking you are making a profit when, in fact, you may not be. It might be that your costs have crept up or your selling prices are too low, or maybe your volume of Sales is lower than you expected or forecast which means you costs, per sale, have increased - such things happen without you necessarily noticing them.

If you get monthly Profit & Loss, Management Reports then you will know earlier that you must make adjustment before you’ve lost money. If you do not know that you are losing money then you will not know that you are heading for a Cash-Flow crisis in the weeks and months ahead. Good Financial Management of your business is as vital as making great Sales!

You must ensure that your business is set up in such a way as to ensure that you not only make a Profit every month (and ideally every day) but that you collect, pull in, the payments of your Sales in a timely manner so that your business has more cash coming in each week, or month, than it has going out.



You will also find that you will need to provide very detailed Cash-Flow Projections in your Business Plan submissions to possible lenders or investors. They require these so that they can see how much 'cash' you have projected that you may need to fund the establishment of your new business, or the expansion of your existing business.

In any event you should, and really MUST, do Cash-Flow Projections for your own information as what they will show you may surprise you - you will most likely need more money than you think. Always allow much more time to get a new business established than you might initially project. It almost always takes 2 or 3 times longer than you think and a new business will cost you much more money to establish than you ever imagined, again most likely 2 or 3 times your original thoughts - this we can assure you of.

Now we could provide you here with a sample "spreadsheet" for your use in Cash-Flow Projections but as this is such a vital part of your business planning and, in due course, your business management it is too dangerous to take any chance of you getting its preparation wrong. There are far too many variations that might apply to the business that you are trying to develop for us to even begin to attempt to cover those variations here.

Due to its importance we would highly recommend that you go to a professional, such as an Accountant, to get your Cash-Flow Projections prepared. In the medium to longer term any investment you make in its preparation will be more than worthwhile. Remember "Information is Power".

We would like to again state that you must make a Profit each and every day and that you must constantly know exactly where your business is, financially.

As **Charles Dickens** (famed British Writer 1812-1870) once wrote;

**“Income twenty shillings, Expenditure nineteen shillings and six pence  
– the result is Happiness.**

**Income twenty shillings, with Expenditure twenty shillings and six pence  
– the result is Misery.”**

For those of you that are not old enough to remember what a shilling is we will express this in more 'modern' terms; (A shilling was worth 12 pennies in England and 20 shillings - equalling 240 pennies - made one English Pound Sterling.)

**“Income 200 Dollars (or Pounds or Euros), Expenditure 195 Dollars  
– the result is Happiness.**

**Income 200 Dollars, with Expenditure 205 Dollars  
– the result is Misery.”**

**These are very simple words but as true  
Today as they were in 1850.  
Live by them!**

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**Don't spend your life "on the rack" working for a Boss!**

***We trust that you have enjoyed and benefited from this small insight into just one small section of our E-Book "Genuine Wealth Creation". In fact, this small insight represents less than one per cent (1%) of the content of this amazingly informative publication - it is a "central source", virtually an encyclopaedia, of business knowledge in one easy to read & understand publication.***

***You can invest in our, globally applicable, E-Book "Genuine Wealth Creation" for a mere US\$ 24.95 & change your life & YOUR FUTURE TODAY!***

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